

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2018 First Round

June 13, 2018

REVISED

Oak Park 4 Apartments, located at 3350 Park Street in Paso Robles, requested and is being recommended for a reservation of \$1,569,391 in annual federal tax credits and \$5,231,303 in total state tax credits to finance the new construction of 74 units of housing serving large families with rents affordable to households earning 30-60% of area median income (AMI). The project will be developed by Central California Housing Corporation and will be located in Senate District 17 and Assembly District 35.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers.

Project Number	CA-18-036		
Project Name	Oak Park 4 Apartments		
Site Address:	3350 Park Street		
	Paso Robles, CA 93446	County:	San Luis Obispo
Census Tract:	101.020		

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$1,569,391	\$5,231,303
Recommended:	\$1,569,391	\$5,231,303

* The applicant made an irrevocable election not to sell (Certificate) any portion of the state credits.

Applicant Information

Applicant:	Central California Housing Corporation
Contact:	Laurie Doyle
Address:	3128 Willow Avenue, Suite 101 Clovis, CA 93612
Phone:	559-292-9212
Email:	Ldoyle@ahdcinc.com

General Partner(s) / Principal Owner(s):	Central California Housing Corporation Affordable Housing Paso Robles
General Partner Type:	Joint Venture
Parent Company(ies):	Central California Housing Corporation Paso Robles Housing Authority
Developer:	Central California Housing Corporation
Investor/Consultant:	R4 Capital
Management Agent(s):	WinnResidential

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 12
 Total # of Units: 75
 No. & % of Tax Credit Units: 74 100%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: HUD Section 8 Project-based Vouchers (8 Units - 11%)

Information

Set-Aside: Rural
 Housing Type: Large Family
 Geographic Area: N/A
 TCAC Project Analyst: Diane SooHoo

55-Year Use / Affordability

Aggregate Targeting Number of Units	Percentage of Affordable Units
At or Below 30% AMI: 8	10%
At or Below 40% AMI: 8	10%
At or Below 50% AMI (Rural): 38	50%
At or Below 60% AMI: 20	25%

Unit Mix

21 1-Bedroom Units
34 2-Bedroom Units
20 3-Bedroom Units
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75 Total Units

Unit Type & Number	2017 Rents Targeted % of Area Median Income	2017 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
2 1 Bedroom	30%	30%	\$459
3 2 Bedrooms	30%	30%	\$552
1 2 Bedrooms	30%	30%	\$552
2 3 Bedrooms	30%	30%	\$637
1 1 Bedroom	40%	40%	\$613
1 1 Bedroom	40%	40%	\$613
4 2 Bedrooms	40%	40%	\$736
2 3 Bedrooms	40%	40%	\$850
11 1 Bedroom	50%	50%	\$766
17 2 Bedrooms	50%	50%	\$920
10 3 Bedrooms	50%	50%	\$1,062
6 1 Bedroom	60%	60%	\$919
9 2 Bedrooms	60%	60%	\$1,104
5 3 Bedrooms	60%	60%	\$1,275
1 3 Bedrooms	Manager's Unit	Manager's Unit	\$0

TCAC-confirmed Projected Lifetime Rent Benefit: \$24,999,480

Project Cost Summary at Application

Land and Acquisition	\$2,807,203
Construction Costs	\$16,929,557
Rehabilitation Costs	\$0
Construction Contingency	\$865,488
Relocation	\$0
Architectural/Engineering	\$513,500
Const. Interest, Perm. Financing	\$1,732,432
Legal Fees, Appraisals	\$232,500
Reserves	\$350,945
Other Costs	\$2,380,116
Developer Fee	\$2,515,076
Commercial Costs	\$0
Total	\$28,326,817

Residential

Construction Cost Per Square Foot:	\$197
Per Unit Cost:	\$377,691
True Cash Per Unit Cost*:	\$335,478

Construction Financing

Source	Amount
Wells Fargo	\$19,107,134
Seller Carryback - PRHA**	\$2,427,000
Paso Robles Housing Authority	\$200,000
SLO*** Housing Trust Fund	\$400,000
City of Paso Robles Fee Deferral	\$1,438,161
Deferred Costs	\$2,866,021
Tax Credit Equity	\$1,888,501

Permanent Financing

Source	Amount
Bonneville	\$4,237,668
Seller Carryback - PRHA**	\$2,427,000
Paso Robles Housing Authority	\$200,000
SLO*** Housing Trust Fund	\$400,000
City of Paso Robles Fee Deferral	\$1,438,161
Deferred Developer Fee	\$738,978
Tax Credit Equity	\$18,885,010
TOTAL	\$28,326,817

*Less Donated Land, Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

**Paso Robles Housing Authority

***San Luis Obispo

Determination of Credit Amount(s)

Requested Eligible Basis:	\$17,437,683
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$17,437,683
Applicable Rate:	9.00%
Maximum Annual Federal Credit:	\$1,569,391
Total State Credit:	\$5,231,303
Approved Developer Fee in Project Cost:	\$2,515,076
Approved Developer Fee in Eligible Basis:	\$1,400,000
Investor/Consultant:	R4 Capital
Federal Tax Credit Factor:	\$0.97000
State Tax Credit Factor:	\$0.70000

The “as if vacant” land value and the existing improvement value established at application, as well as the eligil amount derived from those values, shall not increase during all subsequent reviews including the placed in servi review, for the purpose of determining the final award of Tax Credits, unless a waiver has been granted for a pu price not to exceed the sum of third party debt that will be assumed or paid off. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Eligible Basis and Basis Limit

Requested Unadjusted Eligible Basis:	\$17,437,683
Actual Eligible Basis:	\$23,537,683
Unadjusted Threshold Basis Limit:	\$23,965,205
Total Adjusted Threshold Basis Limit:	\$27,535,768

Adjustments to Basis Limit

One or More Energy Efficiency/Resource Conservation/Indoor Air Quality Features:

- Project has onsite renewable generation estimated to produce 50% or more of annual tenant electricity use as indicated in TCAC Regulations.
- Project has onsite renewable generation estimated to produce 75% or more of annual common area electricity use as indicated in TCAC Regulations.
- New construction: project buildings are at least 15% more energy efficient than 2016 Energy Efficiency Standards (California Code of Regulations, Title 24, Part 6) as indicated in TCAC

Local Development Impact Fees

Tie-Breaker Information

First:	Large Family
Final:	27.124%

Cost Analysis and Line Item Review

Staff analysis of project costs to determine reasonableness found all fees to be within TCAC's underwriting guidelines and TCAC limitations. Annual operating expenses exceed the minimum operating expenses established in the Regulations, and the project pro forma shows a positive cash flow from year one. Staff has calculated federal tax credits based on 9.0% of the qualified basis, or, in the case of acquisition credit or credit combined with federal subsidies, 3.25%. Applicants are cautioned to consider the expected federal rate when negotiating with investors. TCAC's financial evaluation at project completion will determine the final allocation.

Significant Information / Additional Conditions

The project is Phase IV of Oak Park Apartments. Phase I is CA-12-099 (Oak Park Apartments), Phase II is CA-14-065 (Oak Park Apartments II), and Phase III is CA-17-058 (Oak Park 3 Apartments).

The project (CA-18-036, Oak Park 4 Apartments) and Phase III (CA-17-058, Oak Park 3 Apartments) will share community facilities. Both phases are under the same control of Affordable Housing Paso Robles and prior to the start of construction, all necessary agreements shall be in place to ensure that Phase IV has access to the required community spaces free of charge. The Joint Use Agreement shall be provided in the placed in service submission.

Resyndication and Resyndication Transfer Event: None.

Legal Status

Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the Application. No information was disclosed that raised any question regarding the financial viability or legal integrity of the applicant.

Local Reviewing Agency

The Local Reviewing Agency, City of Paso Robles Community Development Department, has completed a site review of this project and strongly supports this project.

Standard Conditions

The applicant must submit all documentation required for a Carryover Allocation and any Readiness to Proceed Requirements elected. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

TCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a performance deposit and allocation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

The applicant must ensure the project meets all Additional Threshold Requirements of the proposed project. If points were awarded for service amenities, the applicant will be required to provide such amenity or amenities identified in the application, for a minimum period of fifteen years and at no cost to the tenants. Applicants that received points for sustainable building methods (energy efficiency) must submit the certification required by Section 10325(c)(5) at project completion. Applicants that received increases (exceptions to limits) in the threshold basis limit under Section 10327(c)(5) must submit the certification required by Section 10322(i)(2) at project completion.

Points System	Max. Possible Points	Requested Points	Points Awarded
Owner / Management Characteristics	9	9	9
General Partner Experience	6	6	6
Management Experience	3	3	3
Housing Needs	10	10	10
Site Amenities	15	15	15
Within ½ mile of transit (van or dial-a-ride service for rural set-aside)	4	4	4
Within 1.5 miles of public park or community center open to general public	2	2	2
Within 1 mile of a full-scale grocery/supermarket of at least 25,000 sf	5	5	5
Within 0.25 miles of a public elementary school	3	3	3
Within 1 mile of a pharmacy	2	2	2
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
After school program for school age children, minimum of 10 hours/week	5	5	5
Sustainable Building Methods	5	5	5
NEW CONSTRUCTION/ADAPTIVE REUSE			
Develop project in accordance w/ requirements: GreenPoint Rated Program	5	5	5
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
Readiness to Proceed	10	10	10
Miscellaneous Federal and State Policies	2	2	2
State Credit Substitution	2	2	2
Total Points	113	113	113

Please Note: If more than the maximum Site Amenity points were requested, not all amenities may have been scored and/or verified.

DO NOT RELY ON SCORING IN THIS COMPETITIVE CYCLE FOR FUTURE APPLICATIONS. ALL RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.